

Service Date: September 25, 1990

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

In the Matter of the Application of)	
PACIFICORP for an Order authorizing)	UTILITY DIVISION
it to issue and sell not more than)	
15,000,000 additional shares of its)	DOCKET NO. 90.8.47
common stock under its Dividend)	
Reinvestment and Stock Purchase Plan,)	DEFAULT ORDER NO. 5492
as amended.)	

On August 13, 1990, PacifiCorp (Company), a corporation organized and existing under and by virtue of the laws of the State of Oregon and qualified to transact business in Montana, filed with the Montana Public Service Commission (Commission) its verified application, pursuant to Sections 69-3-501 through 69-3-507, MCA, requesting an Order authorizing the Company to issue and sell not more than 15,000,000 additional shares of its common stock (new shares) to holders of its stock pursuant to its Dividend Reinvestment and Stock Purchase Plan, as amended (Plan).

On December 30, 1985, the Commission approved the Company's application with respect to the issuance of shares under its Dividend Reinvestment and Stock Purchase Plan in Docket No. 83.5.39. On January 3, 1986, the Company filed a supplemental application requesting an amended order providing for a revised use of proceeds from the issuance of shares under the Plan. On January 21, 1986, the Commission approved the Company's supplemental application in Docket No. 85.12.51, Default Order No. 5181a.

The application is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of the issuance of securities by electric and gas utility companies operating within Montana.

For detailed information with respect to the general character of the Company's business and the territories served by it, reference is made to its annual reports on file with the Commission.

The application sets forth Counsel who will pass upon the legality of the proposed issuance, the other regulatory authorizations required, and the propriety of the proposed issue.

At a regular open session of the Montana Public Service Commission held in its offices at 2701 Prospect Avenue, Helena, Montana, on August 27, 1990, there came before the Commission for final action the matters and things in Docket No. 90.8.47, and the Commission, having fully considered the application and all the data and records pertaining to it on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS

1. PacifiCorp is a corporation organized and existing under and by virtue of the laws of the State of Oregon and is qualified to transact business in the State of Montana.

2. PacifiCorp is operating as a public utility as defined in Section 69-3-101, MCA, and is engaged in furnishing electric service in Montana.

3. Pursuant to a Plan of Reorganization and Merger, as amended, PacifiCorp, a Maine corporation, and Utah Power & Light Company, a Utah corporation, merged with and into the Company. The Company was incorporated under Oregon law in August 1987 for the purpose of facilitating consummation of the merger and changing the state of incorporation of PacifiCorp. The Company uses the assumed business name of either Pacific Power & Light Company or Utah Power

& Light Company within their respective service territories located in the states of Oregon, Utah, Washington, Idaho, Wyoming, Montana and California.

4. The Commission has jurisdiction over the subject matter of the application under Section 69-3-102, MCA.

5. Notice of the application was published as a part of the Commission's regular weekly agenda.

6. Under the Plan, the Company proposes to issue not more than an additional 15,000,000 new shares (over an estimated three-year period) to holders of its common and preferred shares who have enrolled in and participate in the Plan (Participants), as the number of shares approved earlier by the Commission for issuance under the Plan is nearly exhausted. Under Docket No. 83.5.39, Default Order No. 4989, as amended by Docket No. 85.12.51, Default Order No. 5181a, the Commission has previously authorized the issuance of shares under the Plan. It is the Company's intention to seek authorization to issue additional shares under the Plan as necessary.

The new shares will be issued pursuant to the Company's Second Restated Articles of Incorporation and will constitute additional shares within the 750,000,000 shares currently authorized. At June 30, 1990, a total of 248,297,475 shares of common stock were outstanding. On the same date, 1,262,237 shares were reserved for issuance under the Plan. The new shares will be ranked equally with outstanding shares in all respects. The rights of these shares are set out in the Company's Second Restated Articles of Incorporation.

7. The Plan differs in some respects from the Plan described in the Company's 1985 application to the Commission with respect to stock issuances pursuant to the Dividend Reinvestment and Stock Purchase Plan. The significant differences have been noted in supplemental informational filings with the Commission under the previous docket. Under the Plan, persons who are not Company

shareholders are no longer entitled to participate in the Plan and participation through new individual retirement accounts is no longer permitted.

The Plan is intended to provide Participants with a simple and convenient method of reinvesting all or part of their cash dividends and investing optional cash payments in the Company's common shares at the current market price. Shares purchased under the Plan may be newly issued shares (new shares), shares purchased in the open market by the Custodian under the Plan, or any combination of the foregoing. Participants will incur no administrative charge in connection with transactions under the Plan. Participants will generally incur no brokerage commissions on purchases of new shares under the Plan, but for purchases of new shares for which the Company has made corresponding purchases will be charged an amount equal to \$.10 per share. Participants may (a) have cash dividends on all or a portion of their shares automatically reinvested and (b) purchase additional shares of common stock by making optional cash payments of at least \$25 and not more than \$5,000 per quarter. Participants may withdraw from the Plan at any time.

Optional cash payments will be invested on the Investment Date immediately following the date of receipt, except that optional cash payments received on an Investment Date will be held until the next Investment Date. The "Investment Date" is the 15th of each month except that in any month in which there is a dividend payment, the Investment Date shall be the date on which the dividends are paid. No interest is paid by the Company on optional cash payments.

The price of new shares issued by the Company on any Investment Date by Participants will be the average of the daily high and low sale prices of the common stock as reported in The Wall Street Journal report of NYSE-Composite Transactions for each of the five NYSE trading days ending with the Investment Date as of which the purchase of new shares is made (or the next preceding day on which trading occurs, if the common stock is not traded on the NYSE on the Investment Date).

The Company, or at its option its duly appointed agent, acts as Administrator of the Plan. The Administrator maintains records, sends statements of account to Participants and performs other duties related to the Plan. The Company currently acts as Administrator.

Certificates for shares of common stock issued and credited to a Participant's Plan account are registered in the name of the Custodian of the Plan or its nominee. The number of shares credited to a Participant's account under the Plan will be shown on the Participant's quarterly statement of account. A Participant may withdraw any number of whole shares from the Participant's account upon written request. Certificates for fractions of shares will not be issued under any circumstances and shares credited to a Participant's account may not be pledged. A Participant may discontinue the reinvestment of dividends under the Plan by notifying the Administrator in writing.

The Company reserves the right to interpret and regulate the Plan as it deems necessary or desirable in connection with its operation. The Company also reserves the right to suspend, terminate or modify the Plan at any time. Participants will be notified of any such suspension, termination, or modification.

8. The purpose of the requested authority is to continue sales of new shares under the Plan. The Company has issued 23,490,739 shares under the Plan since sales began in 1978 to June 30, 1990. The offering of additional shares under the Plan is consistent with

the Company's desire to strengthen the common equity portion of its capital structure. As the offering and issuance costs of the new shares are expected to approximate less than one percent of the proceeds, the offering is also an efficient means of obtaining permanent investment capital.

9. The anticipated results of the offering and sale of the new shares over an expected three-year period are as follows:

<u>ESTIMATED RESULTS OF THE PROGRAM</u>		
	<u>Per Share</u>	<u>Total</u>
Gross proceeds*	\$20.375	\$305,625,000
Less: Program Expenses	<u>0.022</u>	<u>325,000</u>
Net Proceeds	\$20.353	\$305,300,000

<u>ESTIMATED PROGRAM EXPENSES</u>	
SEC Registration Fee	\$ 80,000
Regulatory Agency Fees:	
State Commissions	400
Counsel Fees	10,000
Custodian Fees**	39,000
Transfer Agent/Registrar Fees**	26,000
Accountants' Fees	5,000
Stock Exchange Listing Fees	90,000
Printing, Engraving, and Delivery Fees	70,000
Miscellaneous Fees	<u>4,600</u>
Total	\$ <u>325,000</u>

*Using the closing price of August 3, 1990.

**Aggregate annual fees incurred from September 15, 1990 through December 31, 1993.

10. The net proceeds of the issuance will be used to reimburse the Company's treasury for funds expended from income and from other treasury funds that were not derived from the issuance of securities. The funds to be reimbursed were used in furtherance of one or more of the utility purposes authorized by Section 69-30-501 MCA. To the extent that the funds to be reimbursed were used for the discharge or refunding of obligations, those obligations or

their precedents were originally incurred in furtherance of utility purposes.

11. The proposed issuance is a part of an overall plan to finance the cost of the Company's facilities taking into consideration prudent capital ratios, earnings coverage tests, and market uncertainties as to the relative merits of the various types of securities the Company could sell.

12. The issuance of an order authorizing the proposed financing does not constitute agency determination/approval of any issuance-related ratemaking issues which issues are expressly reserved until the appropriate proceeding.

CONCLUSIONS

The proposed issuance to which the application relates will be for lawful objects within the corporate purposes of the Company. The method of financing is proper. The application should be approved.

ORDER

IT IS THEREFORE ORDERED by the Commission that:

1. The application of PacifiCorp, filed on August 13, 1990, for authority to issue and sell not more than 15,000,000 additional shares of its common stock to holders of its stock pursuant to its Dividend Reinvestment and Stock Purchase Plan, as amended, until all the shares authorized have been sold, pursuant to Sections 69-

3-501 through 69-3-507, MCA, and to use the proceeds for normal utility purposes, is approved.

2. PacifiCorp shall file the following as they become available:

a) The "Report of Securities Issued" required by 18 CFR 34.10.

b) A copy of the SEC Registration Statement.

3. Issuance of this order does not constitute acceptance of PacifiCorp exhibits or other material accompanying the application for any purpose other than the issuance of this order.

4. Approval of the transaction authorized shall not be construed as precedent to prejudice any further action of the Commission.

5. Section 69-3-507, MCA, provides that neither the issuance of securities by PacifiCorp pursuant to the provisions of this order, nor any other act or deed done or performed in connection with the issuance, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed.

6. This order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 27th day of August 1990, by a 5-0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

HOWARD L. ELLIS, Chairman

DANNY OBERG, Vice Chairman

WALLACE W. "WALLY" MERCER, Commissioner

JOHN B. DRISCOLL, Commissioner

REX MANUEL, Commissioner

ATTEST:

Ann Peck
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.